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The New York Times / Keith Meyers

Governor Carey is congratulated by Assembly Speaker Stanley Fink. Others, from left, Attorney General Robert Abrams, Lieut. Gov. Mario M. Cuomo, Comptroller Edward V. Regan, Warren M. Anderson, Senate majority leader.

## Suspect in Libyan Terrorist Project Says Top C.I.A. Aides Endorsed It

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Jan. 6 — The man identified by the Government as the supervisor of a terrorist training project in Libya has told Federal prosecutors that the operation was endorsed and put to use by two senior officials at the Central Intelligence Agency when it began in 1976.

Douglas M. Schlachter, the man said to have been the supervisor, was at one time a business associate of Edwin P. Wilson, a former American intelligence agent who has been accused of organizing the Libyan operation. Mr. Schlachter's lawyer said today that his client had told prosecutors he briefed two high-ranking Central Intelligence officials about Mr. Wilson's activities at meetings in the Washington area in 1976 and 1977.

The lawyer, Alvin C. Askew, said that the two officials had told Mr. Schlachter to carry out intelligence missions in

Libya, among them trying to obtain Soviet military equipment.

"There is tangible evidence, including documents bearing the signatures of senior C.I.A. officials, showing that my client reported to, and received instructions from, agency officials," Mr. Askew said.

Mr. Askew identified Theodore G. Shackley and Thomas G. Clines as the Central Intelligence officials who dealt with Mr. Schlachter in 1976 and 1977. At the time, Mr. Shackley was the chief deputy to the director of clandestine services at the agency. Mr. Clines was director of training in the same division. Mr. Clines retired from the agency in 1978. Mr. Shackley left the following year. Both have denied knowing of the project.

Mr. Schlachter's testimony was described by Mr. Askew after an appear-

Continued on Page A9, Column 1

## U.S. STEEL CLEARED TO BUY MARATHON

### Burger Denies Mobil Request to Block \$6.2 Billion Deal

By LINDA GREENHOUSE

Special to The New York Times

WASHINGTON, Jan. 6 — Chief Justice Warren E. Burger refused today to block the United States Steel Corporation's acquisition of the Marathon Oil Company. His ruling cleared the way for the \$6.2 billion purchase to go forward after midnight.

Time and legal options seem to have finally run out for the Mobil Corporation shortly before 5 P.M., when the Chief Justice issued a two-sentence order denying Mobil's request for a delay so that it could seek a review by the High Court of the lower-court antitrust rulings. Those rulings had blocked Mobil's own \$6.3 billion bid for Marathon.

While Mobil had the nominal right to seek relief from another Supreme Court Justice in the few hours before midnight, the Chief Justice's statement indicated the effort would be fruitless.

"After reviewing the papers filed in support of the injunctive relief sought," the Chief Justice said, "I concluded that the prerequisites for the extraordinary relief requested have not been satisfied. Having informed the other members of the Court of the action I proposed to take, and no contrary views having been expressed, the application is denied."

Herbert Schmertz, Mobil's vice presi-

Continued on Page D4, Column 5

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## Reimbursement Agreement Dispute on State Use of

By DAVID W. DUNLAP

A long and at times acrimonious dispute ended yesterday when New York State agreed to reimburse New York City whenever the city must house state prisoners longer than 48 hours. The agreement expires on March 1, when the state expects to be able to accommodate 1,300 more inmates.

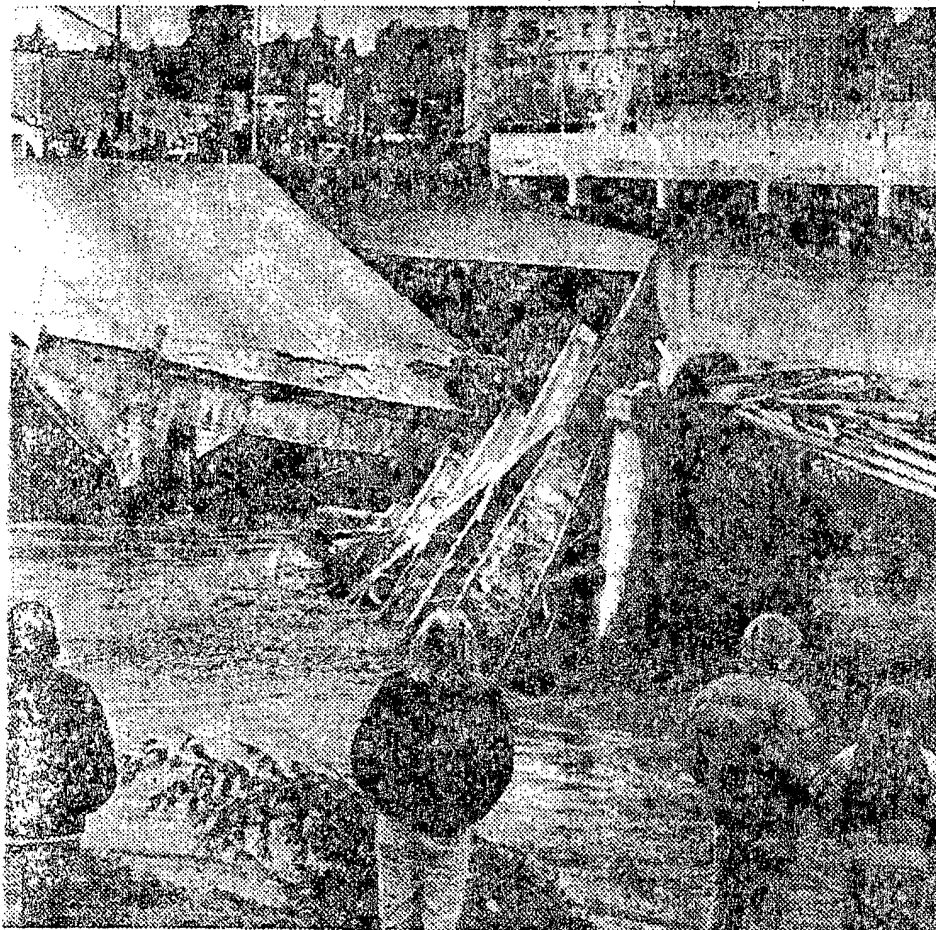
The state had insisted that it was obliged to house prisoners in city jails until it built more prison space of its own. The city had argued that state prisoners were overcrowding its own jails.

Last August, Judge Morris E. Lasker

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United Press International

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THE NEW YORK TIMES, THURSDAY,

## 2 TOP C.I.A. AIDES CITED BY SUSPECT

Continued From Page A1

ance in Federal District Court here in which prosecutors announced that Mr. Schlachter had agreed to plead guilty to two counts of criminal conduct stemming from his work for Mr. Wilson. Mr. Schlachter was indicted in August on charges of illegally shipping explosives to Libya, an Arab nation in North Africa whose policies are hostile to the United States.

Other charges in the indictment were dropped by the prosecutors in return for Mr. Schlachter's cooperation as a witness.

Mr. Schlachter, according to Federal investigators, is the first person to provide detailed first-hand information linking senior Central Intelligence officials to Mr. Wilson's operations in Libya. The Justice Department and the Central Intelligence Agency, Federal investigators said, have investigated the possibility of such links for several years with little success.

Two middle-level employees of the C.I.A. were dismissed in 1977 after an internal inquiry on whether there were links to Mr. Wilson. News accounts have quoted other former Wilson associates as suggesting that officials at a much higher level endorsed the Libyan venture. But those suggestions, according to Federal investigators, had not had such detailed support before.

### Both Have Denied Roles

While both Mr. Shackley and Mr. Clines have previously denied that they knew of, or endorsed, Mr. Wilson's work in Libya, they acknowledged in interviews last year, that they remained in touch with Mr. Wilson after he left Government employment in 1976.

Neither man could be reached for comment today. Mr. Shackley's wife, who acts as his secretary, said he was out of town and could not be reached. Mr. Clines's office said he was unavailable.

The Central Intelligence Agency said in a statement today: "The Central Intelligence Agency has continued to search its files for documentary evidence of any official relationship between current or recently retired intelligence officers and Mr. Schlachter. Thus far we have found none. As we have said before, an investigation in 1976 of the entire Wilson-Terpil affair indicated that some employees had provided support to Wilson and Terpil without official agency sanction and action was taken against them."

### These Two Are Fugitives

Frank E. Terpil, another former agency employee, was indicted with Mr. Wilson in 19

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Wilson in Libya on charges of shipping explosives spiraling to murder a Libyan dissident in Egypt. Mr. Wilson and Mr. Terpil are now fugitives. Mr. Wilson lives in Tripoli, Libya, and Mr. Terpil was last reported in Beirut, Lebanon.

Mr. Wilson and Mr. Terpil, according to Federal investigators, signed a contract in 1976 with Col. Muammar el-Qaddafi, the leader of Libya, to sell their expertise in intelligence and military matters to Libya for the training of terrorists.

According to a Federal grand jury indictment handed up last August and made public in November, Mr. Schlachter supervised the terrorist training project in Libya, and participated in the illegal shipment of explosives to Libya.

Last month, Mr. Schlachter returned to the United States from Burundi, an African nation where had recently been living, and turned himself in to the Federal authorities.

Mr. Askew said today that his client did not contest many facts in the indictment. "He was technically guilty of several offenses," Mr. Askew said. However, Mr. Askew added, "Doug thought he was working for the United States Government."

#### Says Wilson Hired Him for Farm

According to Mr. Askew, Mr. Schlachter was hired by Mr. Wilson in 1971 to help manage his farm in northern Virginia. At the time, Mr. Wilson was still employed by the C.I.A. In the mid-1970's, Mr. Schlachter was recruited by Mr. Wilson to work on other business projects, and became involved with the Libyan operation, according to public records and other former Wilson associates.

Mr. Schlachter, according to Mr. Askew and Central Intelligence officials, has never formally been employed by the intelligence agency.

However, according to Mr. Askew, Mr. Schlachter became an unwitting and indirect intelligence agent while working in Libya. "The C.I.A. knew what he was doing in Libya and approved it," Mr. Askew said.

He said: "My client met with Mr. Clines and Mr. Shackley several times. He told them what he was doing in Libya. He told them he was shipping explosives to Libya, that he was involved in training Libyans how to make bombs, and that Ed Wilson had recruited former Green Berets to help train the Libyans."

After reporting on the operation in Libya, Mr. Schlachter was given instructions by Mr. Clines to collect intelligence information in Libya, Mr. Askew said. In addition, he said, Mr. Clines told Mr. Schlachter to try to obtain certain pieces of Soviet military equipment in Libya, including a surface-to-air missile and electronic components from Soviet-made radar equipment.

Mr. Askew said he did not know if his client had ever actually carried out the assignments. He said that, as far as he knew, Mr. Schlachter had never received any payments directly from the Central Intelligence Agency or Mr. Shackley or Mr. Clines.

Mr. Askew said that his client had a "substantial" number of documents to support his account. He also said there were additional witnesses who could confirm Mr. Schlachter's story.

Judge John H. Pratt set Jan. 18 as the date for Mr. Schlachter to enter his plea of guilty on two counts in the August indictment.

## Our Winter White Sale Save 10% to 50%

**Percale Sheets, 2.99 to 7.99.** Formerly \$7 to \$16. All first quality. Springmaid's "Jennifer", a sprightly blue and yellow floral in polyester/cotton. All sizes flat and fitted. Matching cases available. (D.092)

**Sheet Sale, 2 for \$8, Twin.** Formerly \$7 to \$19. Best sellers from Fieldcrest and Springmaid. All sizes, flat and fitted. Choose a lighthearted floral or a bold linear pattern, both polyester and cotton. Matching cases available. (D.092)

**Pillows, 20"x28" size, \$6 to \$18.** Reg. and Special Purchase \$16 to \$28. Your choice of filling for plumped up comfort: fiberfill and feathers, polyester fiberfill; medium and firm support. Also all white goose feathers. (D.231)

**Comforters, Down and Feather, \$79 to \$159.** Orig.\* \$140-\$300. Our Danish Star comforter from Northern Feather. Combines 50% down and 50% feathers. Cuddly warmth with lightweight comfort. Great color choices, all reversible combinations. Twin, full/queen, and king sizes. (D.059)

**Ensemble Set Sale, \$49 to \$89.** One set completes the look of a totally coordinated bed. It includes comforter, bed ruffle and sham in matching or coordinated prints. Sale prices: twin, \$49; full, \$69; queen, \$89. (D.059)

**Fieldcrest Bath Rugs, \$12 and \$19.** Reg. \$18 to \$25. 22x35", sale \$12; 24x47", sale \$19. Both in a sleek sculptured pattern of 100% nylon pile. Assorted colors. (D.120)

**Fieldcrest Bath Towels, \$5.** chase could bring you stunning jacquard irregulars. velour reverses to terry. bath cloths, \$2. Assorted colors.

**Lace cloths, \$10.** All sizes \$30. First quality and in makers. Soil resistant lace no-iron ease. Choice of size even round. (D.001)

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Here's an example of the leg modular grouping, a \$325, sale \$200. Covered tufted seats and backs. (D.001)

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